

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 507 CS Exemptions from the Tax on Sales, Use, and Other Transactions
SPONSOR(S): Kreegel and others
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture Committee	7 Y, 0 N, w/CS	Kaiser	Reese
2) Finance & Tax Committee			
3) State Resources Council			
4)			
5)			

SUMMARY ANALYSIS

This bill eliminates the sales tax that is imposed on purchases of low-volume or micro-irrigation equipment that is used exclusively in agricultural production. The bill also provides a definition for low-volume and micro-irrigation equipment.

The revenue estimating conference has not yet reviewed this legislation to determine the fiscal impact.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: The bill eliminates the sales tax on low-volume or micro-irrigation equipment or components used in agricultural production.

B. EFFECT OF PROPOSED CHANGES:

Section 212.08, F.S., provides for specific exemptions from the sales and use tax imposed by chapter 212, F.S. The statutes currently provide more than 200 non-service exemptions. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting purchases or sales by certain types of organizations, such as the government, churches, and charitable organizations.

This legislation exempts from sales tax the purchase of low-volume or micro-irrigation equipment or components used in agricultural production.

C. SECTION DIRECTORY:

Section 1: Amends s. 212.08, F.S.; provides an exemption for low-volume or micro-irrigation equipment used in agricultural production.

Section 2: Amends s. 212.02, F.S.; provides a definition for low-volume or micro-irrigation equipment.

Section 3: Provides an effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Section D., Fiscal Comments

2. Expenditures:

See Section D., Fiscal Comments

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See Section D., Fiscal Comments

2. Expenditures:

See Section D., Fiscal Comments

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons purchasing low-volume or micro-irrigation equipment or components for use in agricultural production will no longer be required to pay sales tax.

D. FISCAL COMMENTS:

The Revenue Estimating Conference has not yet reviewed this legislation to determine the fiscal impact.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill, as drafted, does not achieve the intended purpose of the sponsor. A strike-all amendment will be offered to achieve the intended purpose.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On February 22, 2006, the Agriculture Committee adopted a strike-all amendment to HB 507. The strike-all amendment provides a sales tax exemption on the purchase of low-volume or micro-irrigation equipment or components used in agricultural production.